



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 12, 2006

H.R. 2925

A bill to amend the Reclamation States Emergency Drought Relief Act of 1991 to extend the authority of drought assistance

As ordered reported by the House Committee on Resources on June 21, 2006

SUMMARY

The Bureau of Reclamation undertakes construction, water management, and water conservation activities to alleviate damages caused by drought in certain states. The authority to provide such assistance ended on September 30, 2005. H.R. 2925 would extend that authority through September 30, 2010. Under the bill, the authorization of appropriations for this program would be limited to a total of \$90 million over the 2006-2010 period.

Assuming appropriation of amounts necessary to provide the drought assistance authorized by H.R. 2925, CBO estimates that implementing the bill would cost \$16 million over the 2007-2011 period. Enacting H.R. 2925 would not affect direct spending or revenues.

H.R. 2925 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); the bill would benefit state, local, or tribal governments and any costs would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2925 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars				
	2007	2008	2009	2010	2011
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	4	4	4	4	0
Estimated Outlays	3	4	4	4	1

BASIS OF ESTIMATE

For this estimate, CBO assumes H.R. 2925 will be enacted near the end of fiscal year 2006 and that the necessary amounts will be appropriated for each year. Estimates of outlays are based on historical spending patterns for this activity.

The Reclamation States Emergency Drought Relief Act of 1991 provided the Bureau of Reclamation the authority to mitigate damages caused by drought in certain states by undertaking construction, water management, and water conservation activities. Since that time, the Congress has provided almost \$70 million for those activities—an average of more than \$4 million per year over the past 16 years.

H.R. 2925 would extend the authority provided under the act until 2010 and would limit appropriations to a total of \$90 million over the 2006-2010 period. Because CBO cannot predict the timing or severity of droughts, CBO expects that the need to undertake drought relief over the next five years will continue at the same rate as the average need over the past 16 years—about \$4 million a year. Thus, CBO estimates that implementing H.R. 2925 would cost \$16 million over the 2007-2011 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

HR 2925 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would benefit reclamation states and local and tribal governments within those states by extending the legislative authority that provides them drought aid. Any costs incurred by governmental entities would result from complying with conditions for receiving federal assistance.

PREVIOUS CBO ESTIMATE

On December 1, 2005, CBO transmitted a cost estimate for S. 648, a bill to amend the Reclamation States Emergency Drought Relief Act of 1991 to extend the authority for drought assistance, as ordered reported by the Senate Committee on Energy and Natural Resources on November 16, 2005. Both S. 648 and H.R. 2925 would authorize appropriations over the 2006-2010 period; however, CBO assumed that S. 648 would be enacted in fiscal year 2006 with appropriations beginning in that year. In addition, H.R. 2925 would cap the program's authorization of appropriations at \$90 million over the 2006-2010 period.

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